

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1705 - HB 2050

April 2, 2009

SUMMARY OF BILL: Permits any licensed and operating nursing facility to relocate all or less than all of its beds to no more than two new locations within its service area if at least one application for relocation of the beds is filed with and approved by the Health Services Development Agency.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds \$258,600

Increase Federal Expenditures – Exceeds \$741,400

Assumptions:

- Any increase in expenditures resulting from the Health Services Development Agency reviewing and approving additional relocation applications will be offset by the increase in revenues from application fees. These expenditures and revenues are estimated to be not significant.
- The Bureau of TennCare reimburses nursing homes at actual cost up to a maximum equal to the cost of the nursing home at the 65th percentile level as calculated by the Comptroller per existing TennCare rules.
- Two new facilities will be included in the calculation of the percentile to which TennCare reimburses increasing the reimbursement for any nursing home above the 65th percentile. If the current facility falls below the 65th percentile, then the new facilities will receive a greater reimbursement than was provided to the current facility.
- The new facilities could also result in a cost savings because the new facilities will be more efficient.
- An exact cost estimate is undeterminable, but the Bureau of TennCare estimates that the net increase in expenditures will exceed \$1,000,000.
- Of the \$1,000,000, \$258,620 will be state funds at a rate of 25.862 percent and \$741,380 will be federal funds at a match rate of 74.138 percent.
- Total reimbursements for nursing homes included in the FY08-09 budget are \$939,634,200.

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CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized initial "J".

James W. White, Executive Director

/kml